

Dr. John F. Clayburg

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Obviously, I've got a lot of work to do on this page. Help this guy keep an eye on me as I hopefully progress.....

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On the following pages you will find detailed descriptions of the use of each indicator listed above.

Keep in mind that these indicators are designed for use on any chart, on any time frame. Sensitivity inputs are a part of most of the studies enabling the user to adapt the indicator in question to the appropriate charting environment.

Frequently users will request that an automated system be designed using a combination of several of the tools presented here. I am available for custom programming of such a system should you wish to do so.

JFC Reversal Indicator

The appearance of **cyan squares** below the price bars is indicative of a significant downtrend in progress which is exhibiting signs of exhaustion. In other words, this indicator signifies that the current downtrend has reached the point where other similar downtrends have "run out of steam" so to speak. When the cyan squares no longer appear below the price bars the probability is high that at the very least the current phase of the downtrend is decreasing in momentum.

The appearance of **magenta squares** above the price bars is indicative of a significant uptrend in progress which is exhibiting signs of exhaustion. In other words, this indicator signifies that the current uptrend has reached the point where other similar uptrends have "run out of steam" so to speak. When the magenta squares no longer appear above the price bars the probability is high that at the very least the current phase of the uptrend is decreasing in momentum.

Entry Options

1. Buy at the market when the **cyan squares stop** appearing; sell at the market when the **magenta squares stop** appearing. Higher risk.
2. Maintain a trailing entry stop after the indicator ceases to appear. For instance, buy at the highest high of the last three bars after the cyan squares are no longer appearing or sell at the lowest low of the last three bars when the magenta bars fail to appear. The trader can also use the JFC Hi Lo Pivot Indicator as a tool with which to place a trailing entry stop. Moderate risk.
3. Use the JFC Real Time Pivot Indicator to confirm the trend and enter at this point. Lowest risk.

User Customizations

Inputs: Sens: Practical range will be 2 - 30. Four to 9 will be optimum depending on data compression. Again, lower numbers will increase the sensitivity. Optimal settings will vary with the market to which the indicator is to be applied, the data compression in use and the degree of sensitivity desired by the individual user. The trick to making this indicator as individually useful as possible is the constant observation of its activity in real time as well as on historical data. It is also important to periodically adjust settings and data compressions to obtain settings which closely match current trend changes in the market being observed.

JFC Real Time Pivot Indicator

The JFC Real Time Pivot Indicator has the same basic uses as the JFC Hi Lo Pivot Indicator in that both tools are used in an attempt to define short term high and low points in the market.

The **Red Dots** above the bars are sell points while the **Blue Dots** below the bars indicate buying opportunities.

There are, however, important basic differences in the manner in which these indicators perform their tasks. First, refer to the JFC Hi Lo Pivot section and review the manner in which they are plotted.

The JFC Real Time Pivot indicator is calculated by an extensive proprietary algorithm using overbought and oversold oscillators as well as multiple momentum functions to define the interim highs and lows of the market. It is by these calculations that the indicator is able to appear in real time and not delayed by a set number of bars as is the JFC Hi Lo Pivot indicator.

The obvious advantage is the quicker appearance of the indicator. Unfortunately, a degree of accuracy, when compared to the Hi Lo Pivot, must be sacrificed. In a sharp, protracted uptrend or downtrend the indicator will give premature indications of a high or a low. Using this indicator in combination with the JFC Rubber Band Indicator and the JFC Hi Lo Pivots can greatly increase the accuracy of this tool.

Entry Options

1. Buy or sell at the market at the first appearance of a JFC Real Time Pivot Higher risk.
2. Buy or Sell at the market when the JFC Real Time Pivot appears in conjunction with a signal from the [JFC Exhaustion Indicator](#). High - Moderate risk.
3. Buy or Sell at the market when the JFC Real Time Pivot appears in conjunction with a signal from the [JFC Exhaustion Indicator](#) and the [JFC Reversal Indicator](#) is indicating a reversal within a few bars of the high. Moderate risk.
4. Use the JFC Hi Lo Pivots as trend confirmation and points for buy or sell stops for entry after the appearance of the above combinations of the JFC Real Time Pivot, [JFC Exhaustion Indicator](#) and the [JFC Reversal Indicator](#). Lowest risk.

User Customizations

1. FDB: On a scale of 1 - 100, the FDB input sets the indicator sensitivity for the buy signals from the indicator. A lower number equals a higher sensitivity and thus fewer, but possibly more accurate signals. Suggested range = 5 to 15; optimal setting is 9.
2. FDS: On a scale of 1 - 100, the FDB input sets the indicator sensitivity for the sell signals from the indicator. A higher number equals a higher sensitivity and thus fewer, but possibly more accurate signals. Suggested range = 85 to 95; optimal setting is 91

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JFC Exhaustion Indicator

Plot Explanation

The JFC Exhaustion Indicator is one of the more complex tools to understand. On the other hand, when properly mastered, it can be one of the most rewarding when attempting to ascertain turning points in the market.

The first components of the indicator are the **two yellow bands** that are generally plotted above and below the price bars. These are standard deviation plots that are a derivative of the Bollinger Band indicators available in the standard TradeStation indicator library. The difference is that the JFC Exhaustion Indicator takes into account the high, low and close of the individual price bars rather than just the close. This tends to give the trader a truer picture of price action as exhaustion approaches.

The white plot which runs between the two yellow bands represents the mid point between the high and low exhaustion points. It is a simple average of the upper and lower plot.

The **red line** is an average plotted on the price bars themselves and is an independent calculation from the ones which produce the exhaustion bands.

Basic Exhaustion Theory

It is very important to realize that markets, trends, or most anything else for that matter, will not continue in one direction or another forever. There comes a time when the trend will reverse and go in the opposite direction for a while. Nature has a way of constantly

trying to achieve equilibrium.

Think of a market trend as a basketball which you have thrown up into the air. It will certainly rise for a period of time. Eventually its rate of climb will slow (exhaustion), its ascent will cease and it will begin a decline (trend reversal).

It is fairly widely accepted that markets will trend for only 25% of the time. During the remaining 75% they are in a sideways phase. It is during this sideways phase that exhaustion indicators are valuable in detecting turning points in the markets.

Interpretation

There are multiple interpretations that may be derived from the plots of this indicator.

First notice that the price bars will trail along quite closely with the upper or lower **exhaustion (yellow) plots**. Note the abrupt change in price direction when the price bars suddenly leave the vicinity of the yellow lines.

Now observe the **red line plot** which is an average applied to the price bars. This line smoothes out the price activity relative to the exhaustion bands. Observe what happens when the average (red) line passes through the exhaustion bands, makes a peak or valley, and then turns in the opposite direction. This type of action regularly appears at short term turning points in the market.

The white line plot can have multiple uses depending on the market being traded and the data compression being used. One use of this line is as an entry point after a trade is signaled by the red line passing through the exhaustion bands and then making a turn. The more aggressive trader may wish to take a position when the turn of the red line occurs outside the exhaustion band. In this instance the white line can be used as an objective for the trade or as a point at which the trend is confirmed.

You will also find the [Exhaustion 2 Indicator](#) helpful in the interpretation of this concept.

Alternative Interpretation of Exhaustion Indicator in a Trending Market

Although the primary use of the exhaustion indicator is the identification of turning points, there is alternative interpretation which can be used in a trending market. When a trend is identified with the use of the Market Direction Indicator, the Volume Direction Indicator and the Intraday Hi - Lo Indicator, the Exhaustion Indicator can be used to identify retracement points at which entries can be taken in the direction of the persistent trend. In the chart to the left note the activity of the market when the red line pulls back between the yellow bands and briefly encounters the white line. These **retracement** areas frequently provide excellent entry opportunities.

Also, note the difference in the pattern at point **B**

(small red dots)

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JFC Exhaustion 2 Indicator

Plot Explanations

The JFC Exhaustion 2 Indicator will plot a dot (white) on the red line after it has crosses above the upper band and turned lower or has crossed below the lower band and turned higher.

This tool is designed as an aid for the interpretation of the JFC Exhaustion indicator.

It can be used in conjunction with the companion indicator. When used in in this manner, it makes the turning points of the red line easier to observe and therefore determine when the trend has changed according to the [JFC Exhaustion indicator](#).

This tool can also be used as a stand alone tool. It is quite interesting to observe the pattern created when this indicator is used along with the [JFC Real Time Pivot](#) indicator (Red and Blue Dots). You will readily note that the real time pivot will often slightly precede the actual turning point in the market while the JFC Exhaustion 2 indicator will slightly lag the turn. The two, when used together, can be a very powerful trading tool.

CAUTION: When using this indicator with the [JFC Exhaustion Indicator](#) be sure the inputs for the two indicators are identical to each other. The plots will not match up if different inputs are being used.

JFC Cluster Indicator

The appearance of a **larger magenta dot** above a price bar indicates that the market may have reached a significant exhaustion point indicating a possible selling opportunity.

The appearance of a **larger cyan or light blue dot** above a price bar indicates that the market may have reached a significant exhaustion point indicating a possible buying opportunity.

Entry Options

1. Buy or sell at the market at the first appearance of a JFC Cluster Indicator Dot. Higher risk.
2. Place a buy or sell stop at the last pivot identified by the JFC Hi Lo Pivot indicator. When the market then trades through the support or resistance defined by the pivot indicator you will enter the market at the point at which support is violated following exhaustion. Lowest risk.

User Customizations

Inputs: Plt. This input will define where the indicator dot will be plotted (plt) in reference to the high or low of the bar in question. For instance, on an S&P chart, a 5 entered here will plot the dot 5 points above the high of a high exhaustion point and 5 points below the low of a low exhaustion point. Experiment with this plot until you are visually comfortable with the presentation.

Use with Other Indicators

I've found this indicator to be particularly useful in combination with the [Real Time Pivot](#), [Reversal](#), and [Exhaustion 2](#) indicator. **Since all of these programs utilize different pattern recognition scenarios, an area in which all 4 are signaling an upcoming price move has a higher percentage of accuracy than using any of the tools separately.**

[Contact Information](#)

JFC Volatility Stop Indicator

The Volatility Stop Indicator, as with many indicators, has as its principle function the definition of the current trend. Note that when prices are above the [Uptrend Volatility Line \(UVL\)](#) the trend as defined by this indicator is considered to be up. When the prices are below the [Down Volatility Line \(DVL\)](#) this indicator is considered to be down. The UVL should be plotted as [blue](#) as it defines an [uptrend](#). The DVL should be plotted as [red](#) as it defines a [downtrend](#).

The market changes from an **uptrend** to a **downtrend** when a bar CLOSES below the plotted **UVL**. Note that the low of the bar can be plotted below the **UVL** without initiating a trend reversal to down.

The market changes from a **downtrend** to a **uptrend** when a bar CLOSES above the plotted **DVL**. Note that the high of the bar can be plotted above the **DVL** without initiating a trend reversal to up.

The unique trend defining function of this indicator is its ability to give the market additional flexibility when an increase in volatility occurs. While one may obtain several definitions of volatility, for the purposes of this indicator we will consider volatility to be higher when the range, or distance between the high and low of a bar, increases for each bar.

IMPORTANT: Note that as the average volatility of the price bars increases the **DVL** or **UVL** reversal lines can actually move farther away from the price bars thus giving the market time and space to work itself through a volatile time period without subjecting the defined trend to successive, frequent changes which can occur during periods of increased activity. If the increased activity is indeed indicative of a trend change the change will be confirmed when the activity is of sufficient strength to actually break the trend line.

Entry Options

None. This indicator is not intended to be used as an entry tool. Its best use is for trend definition and stop placement.

Stop Placement

Since the trend is defined to have changed when the market closes above or below the indicator lines, this indicator provides an excellent tool for the placement of trailing stops, particularly after a sustained move in the market and the line has drawn close to the price bars.

User Customizations

Length: Range = 7 to 35; 21 to 28 is optimal. Higher numbers = decreased sensitivity.

Factor: Range = 2 to 8; 4 to 6 is optimal. Higher numbers = decreased sensitivity.

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JFC Hi Lo Pivot Indicator

The appearance of a **blue dot** above a price bar indicates that this bar is a significant high defined by the sensitivity settings of the indicator.

The appearance of a **red dot** below a price bar indicates that this bar is a significant low defined by the sensitivity settings of the indicator.

Entry Options

1. Buy or sell at the market at the first appearance of a JFC Hi Lo Pivot Indicator Dot. Higher risk.
2. Use this indicator as a confirmation of the trend as established by the [JFC Exhaustion Indicator](#), the [JFC Real Time Pivot Indicator](#) and/or the [JFC Reversal Indicator](#). Enter when the market trades through the blue or red dot thereby confirming the trend. Lowest risk.

User Customizations

Inputs: Strength: Practical range will be 2 - 5. Two will probably be optimum. Lower numbers will give a higher sensitivity.

The most important aspect of this indicator is to realize that for a bar to be marked as a high or low there must be an equal number of bars both prior to and following the bar which, in the case of a high, have lower highs than the market bar, or in the case of a low must have an equal number of bars both prior to and following the bar which have higher lows. The strength input defines the requisite number of bars necessary to form the high or low.

Since there must be the requisite number of bars following the bar in question, the high or low will not appear on your screen until the correct number of bars have been plotted.

Therefore, in the case of a high, the high bar will not be marked when it appears - it must wait the strength number of bars to be marked. This feature of the indicator reduces the effectiveness of the highs or lows since their appearance is delayed in real time.

The prime use of this indicator is its ability to identify short term support and resistance. If the market trades through a **blue dot** which marks a high (**resistance**) the trend is confirmed as an uptrend. If the market trades down through a **red dot (support)** the trend is confirmed as a downtrend.

This indicator is most useful when used in combination with a second trend defining indicator. There are many indicators which can be referred to as trend definition indicators. We use the [JFC Reversal Indicator](#) as our prime trend definition tool. Others are the [JFC Real Time Pivot Indicator](#), the JFC Median Line Indicator, and the JFC Volatility Stop Indicator. Other indicators can also be used for trend definition i.e., stochastic, RSI, Percent R, MACD, etc.

A practical demonstration of the use on this indicator would be the case in which the [JFC Reversal Indicator](#) was displaying cyan dots below the price bars. When the cyan dots cease to appear the downtrend becomes suspect. When the market trades up through the last blue dot formed by the pivot indicator the trend is confirmed as being higher for the short term. Conversely, when the magenta dots cease to appear the uptrend becomes suspect. When the market trades down through the last red dot formed by the pivot indicator the trend is confirmed as being lower for the short term.

Optimal settings will vary with the market to which the indicator is to be applied, the data compression in use and the degree of sensitivity desired by the individual user.

The trick to making this indicator as individually useful as possible is the constant observation of its activity in real time as well as on historical data. It is also important to periodically adjust settings and data compressions to obtain settings which closely match current trend changes in the market being observed.

"Work in Progress" from here on.....

JFC Intraday High - Low Indicator

This is a rather simple indicator that provides the trader with the position of the daily high and low throughout the trading day.

When this indicator is plotted, you will notice that there will be a small series of blue dots that indicate the high of the day. The series of small red dots will denote the low of the day. You will also notice that the lines will progressively rise or lower as the day progresses and the daily range widens appropriately.

Uses

Most of our indicators used for intraday trading emphasize the definition of exhausting trends, or points at which the market may be expected to make a turn. However, you will soon notice that these indicators are less reliable when the market is in the process of making new intraday highs or lows. This is mainly due to the locals, or floor traders, attempting to run the stops that accumulate above and below the intraday highs and lows. It can be dangerous to take positions from exhaustion indicators at intraday highs and lows. This tool will help you to identify these areas and avoid placing a trade too close to these points.

Inputs

The PTS input identifies the number of points from the intraday high or low at which the indicator will begin to appear. For instance, the trader may decide that he or she may not wish to place trades when the market is within two points of the intraday high or low. When the PTS input is set at 2, the indicator will appear when the market is within two points of the intraday high or low. The trader would therefore know that the signal currently under consideration would be cancelled by the proximity to the high or low of the day.

JFC Median Line

The Median Line indicator will appear on the chart as a horizontal line which begins near the beginning of the day and does not change its position or character throughout the remainder of the trading day.

The significance of this line is as follows.

At approximately 1.5 hours into the trading day observe the trading activity which has occurred up until this time. Of particular interest is the amount of activity which has occurred above or below the indicator line.

It has been noted that if, after approximately 1.5 hours of trading, a majority of the activity has occurred below the indicator line, the bias for the remainder of the day's trading will be to the downside. Conversely, should a preponderance of the activity be above the line, the bias for the rest of the day will be higher.

The most effective method for the use of this information is to allow this indicator to give a bias to your trading decisions for the rest of the day in the direction indicated.

For instance, one may wish to take only the short trades in the instance of an indicated down day. All long trading signals would be ignored in this example. The opposite, of course, would be the case for an up day, and only long signals would be taken.

An alternative strategy would be to build the indicated bias into both long and short trading signals. In this instance, in the case of an indicated down day, one would tend to let the short trades run a bit longer than normal for your system in the anticipation of the short side being more productive. By the same token, one would perhaps use a smaller target for long trades since the upside movements for the day are not expected to be as dramatic or productive. Again, the exact opposite would be true for a day in which the trend was expected to be higher due to the preponderance of trading activity above the line early in the day.

User Customization

User customization for the use of this indicator is limited to the time at which the trend determination will be made. Usually 1.5 hours will be found to be optimal but other time frames could be better suited to your trading system, trading style and the market to which the indicator is applied.

JFC Median Line Counter

The Median Line Counter is a companion indicator to the Median Line Indicator.

It simply keeps a running tally of the number of closes above and below the median line for the day.

The plot of this indicator is a histogram which will oscillate above or below the zero line.

It is useful in that it will give an immediate, graphical representation of the activity of the market above and below the median line for any point in the day. Most will use this variation of the median line counter to make further use of the median line indicator to customize their trading strategies.

IMPORTANT: When applying this indicator to the chart be certain that it is plotted in a subgraph and not on the price chart itself. At the input prompt go to properties and select subgraph 2 (or higher, if there are other items in subgraph 2). The program will ask you if you wish to move the study into the graph on which it is scaled. The appropriate answer here is "no" to place the study in the proper subgraph.

JFC PB Long - PB Short PaintBars

These paintbar indicators will appear midway during a persistent uptrend or downtrend. Although they can be used as entry or exit points, I find them most useful when used in the role of confirmation of trend.

Once a trend change has been denoted by other indicators in the package which identify exhaustion and turning points, the appearance of these paintbars gives the trader confidence that the trend maybe for real.

Also, when the paintbars no longer appear, one should be looking for an exit point somewhere during the next few bars.

I have also noted that if you get a reversal signal such as the Cluster Indicator appearing on the same bar as Long or Short Paintbar the upcoming reversal may come sooner and be more violent than you would normally expect.

JFC Market Direction Indicator

The market direction indicator is a tool which can be used to give the trader a bias for the major direction of the trend during the later part of the day.

It works by measuring a commonly observed characteristic of the market, when present, tends to forecast a persistent trend for the last part of the day.

This tool is used only on intraday charts.

When used to evaluate the stock index futures market, it is most useful when combined with the Volume Direction Indicator.

Entry Options

None. This indicator is not intended to be used as an entry tool. Its best use is for trend definition during later market action.

User Customizations

None.

Interpretation

As with all indicators in this package, red is associated with a negative trend in the market and blue is indicative of a rising market.

As negative forces accumulate in the market the red histogram will become more prominent as it grows lower below the zero line. As a more positive trend is recorded the blue histogram will rise above the zero line. The third histogram which overlays the red and blue plots is the cumulative result of both the positive and negative forces controlling the market. This plot is yellow in color when it overlays the red, negative histogram and is a light gray color when it overlays the blue, positive histogram. This third plot is a derivative of the positive and negative forces within the market and can give an earlier perception of the impending market direction.

Indicator Theory

The operating principle behind this tool is as follows. Often, markets will decide early in the trading day what the trend will be for the remainder of the session. Refer to the intraday charts of the S&P futures or cash and note how often the high or low for the entire day is put in place during the first 1 to 2 hours. Often these early highs or lows will hold for the remainder of the day session.

Observe the pattern of the indicator after the markets have traded for the first 1 - 2 hours of the day session. Often the bullish or bearish pattern depicted by the histograms in this tool will give the trader a bias for the rest of the day.

There is no concrete parameter to delineate the interpretation of this indicator. The best way to learn to use it is to observe the patterns generated over many days and get a feel for what the patterns are describing.

Optimum Usage

I use this tool in combination with the Volume Direction Indicator. Referencing the S&P futures, I analyze both indicators 2 hours into the day session. If both are giving bullish readings, I will give a bias to the upside for the rest of the day, either taking only long trades or lowering my objective for any short positions. Conversely, if both are bearish I will take a more bearish attitude, possibly only trading the short side. If the indicators are giving opposite signals or if one is giving only a weak signal either way, there is no definite bias for the day. In this instance one can feel comfortable in trading both sides of the market. I have analyzed these tendencies and found this technique to be 82% accurate in predicting the stability of the high or low of the day after the first 2 hours of trading. In other words, using the biases delineated above, I am able, with 82% accuracy, to predict that the high or low of the day is in place after the first 2 hours of trading.

JFC Volume Direction Indicator

Special Setup Required

This indicator requires the use of a multi-symbol chart. To create this special chart, refer to your TradeStation manual or use the help screens provided with the program. Select multi-symbol chart - creating - from the help menu.

Set up the chart as follows. All data compressions should be one minute.

Data1: The stock index future you wish to follow: S&P, Dow, etc.

Data2: Net Advancing Issues BMI Symbol @NA

Data3: Net Declining Issues BMI Symbol @ND

Data4: Net Volume Advancing Issues BMI Symbol @NVA

Data5: Net Volume Declining Issues BMI Symbol @NVD

Other data services will have different symbol names for these data sources. You will need to check with your provider to get this straight.

Also, the @nva and @nvd symbols may not be in the symbol universe in TradeStation 4.0. Again, refer to your manual, on line help or the Omega help desk to add these symbols to the symbol universe.

Hint: When you have created this chart and are certain all the data streams are plotting correctly, go format price data, format data 2 thru data 5 and select hidden for the subgraph designation. This gets the plots of the issues and volume data off the screen and makes interpretation much easier. The data is still being referenced by the program when you do this. This process just cleans up the screen.

General Information

The volume direction indicator is a tool which can be used to give the trader a bias for the major direction of the trend during the later part of the day. It is used only in the stock index futures market.

It works by measuring a commonly observed characteristic of stock market advancing and declining volume and advancing and declining issues, tending to forecast a persistent trend for the last part of the day.

This tool is used only on intraday charts.

It is most useful when combined with the Market Direction Indicator.

Entry Options

None. This indicator is not intended to be used as an entry tool. Its best use is for trend definition during later market action.

User Customizations

None.

Interpretation

Due to the complexity of the plots, we need to abandon the red / blue - bearish / bullish color convention here. Rather, concentrate on the position of the two plots above or below the zero lines of the plotted histograms.

The red histogram is an interpretation of the activity of advancing & declining issues while the yellow histogram reads the activity of the volume of advancing and declining issues.

Tracings above the zero line are usually bullish and those below the line usually bearish.

Note that the word "usually" appears in the foregoing description. Again, this indicator is similar to the Market Direction Indicator in that more visual interpretation, rather than a defined mathematical parameter, is important to the optimum use of this tool. Often, the general upward or downward trend of the histograms is also important. A downtrending histogram pattern above the zero line can be a red flag for a continued bullish situation. Conversely, an uptrending histogram below the zero line could make the predicted downtrend a little shaky.

Indicator Theory

The theory which drives the plots of this indicator is based on the idea that the actual stock market is the real market. Individuals and institutions buying and selling individual stock issues based on earnings, dividends, company history, market share, etc. are what actually move the market. Obviously, more buying leads to a bullish market and more selling imparts a negative trend.

This indicator attempts to measure this tendency on an intraday basis by comparing net advancing issues, net declining issues, net volume of advancing issues and net volume of declining issues as they interact with each other during the course of the trading day.

Observe the pattern of the indicator after the markets have traded for the first 1 - 2 hours of the day session. Often the bullish or bearish pattern depicted by the histograms in this tool will give the trader a bias for the rest of the day.

There is no concrete parameter to delineate the interpretation of this indicator. The best way to learn to use it is to observe the patterns generated over many days and get a feel for what the patterns are describing.

Optimum Usage

I use this tool in combination with the Market Direction Indicator. Referencing the S&P futures, I analyze both indicators 2 hours into the day session. If both are giving bullish readings, I will give a bias to the upside for the rest of the day, either taking only long trades or lowering my objective for any short positions. Conversely, if both are bearish I will take a more bearish attitude, possibly only trading the short side. If the indicators are giving opposite signals or if one is giving only a weak signal either way, there is no definite bias for the day. In this instance one can feel comfortable in trading both sides of the market. I have analyzed these tendencies and found this technique to be 82% accurate in predicting the stability of the high or low of the day after the first 2 hours of trading. In other words, using the biases delineated above, I am able, with 82% accuracy, to predict that the high or low of the day is in place after the first 2 hours of trading. I find that the Cluster Indicator is a good tool for defining entry points when used with these two indicators.

Rubber Band Indicator

The Rubber Band Indicator lends itself to a more visual interpretation than a numeric one. This indicator consists of eight separately calculated and plotted lines which are constructed by a proprietary computer algorithm.

The usefulness of this indicator lies in the interpretation of the various relationships of these lines to each other during different market conditions and under various data compressions.

Extremes

Highs and lows in the market can be defined when this indicator is spread out and gaps are clearly visible between the various lines which make up the plot. The high or low may be more evident when the fastest moving indicator crosses back over the slower lines.

Congestion

When the lines are so closely plotted together that it is difficult to distinguish the individual lines the market is considered to be in a congestion phase. These market conditions are to be avoided in most trading techniques. This indicator will assist the trader in avoiding these areas.

Entry Options

1. Buy or sell at the market when the lines are stretched to an extreme. Higher risk.
2. Buy or Sell at the market when the Real Time Pivot appears in conjunction with a severely stretched Rubber Band Indicator. High - Moderate risk.
3. Buy or Sell at the market when the Real Time Pivot appears in conjunction with a severely stretched Rubber Band Indicator and a Momentum Bar is evident within a few bars of the high. Moderate risk.
4. Use the Pivot Indicator as trend confirmation and points for buy or sell stops for entry after the appearance of the above combinations of the Real Time Pivot, Rubber Band Indicator and Momentum bar. Lowest risk.

User Customizations

None.
